

**MAPLETON CITY, UTAH
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2005**

MAPLETON CITY
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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

November 16, 2005

**Honorable Mayor
Members of the City Council
Mapleton City, Utah**

Council Members:

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of Mapleton City, Utah (City) as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and each major fund of the City at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, of those activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 16, 2005 on my consideration of Mapleton City, Utah's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Management's discussion and analysis and the budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United State of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mapleton City's basic financial statements. The combining nonmajor fund statements described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 CPA
Greg Ogden,
Certified Public Accountant

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This financial summary offers readers of Mapleton City's financial statements a narrative overview and analysis of the financial activities of Mapleton City for the fiscal year ended June 30, 2005.

Readers are encouraged to consider the information presented here in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The total net assets of Mapleton City increased \$5,266,636 to \$28,302,960. The governmental net assets increased by \$2,305,315 and the business-type net assets increased by \$2,961,321.
- The total net assets of \$28,302,960 are made up of \$18,730,688 in capital assets net of related debt and restricted net assets of \$3,022,633 for capital projects, and \$1,725,324 for debt service and \$4,824,315 of unrestricted net assets.
- The General Fund (the primary operating fund) had a decrease in its fund balance of \$635,928, and capital improvements had an increase of 2,276,867.

REPORTING THE CITY AS A WHOLE

This discussion and analysis is intended to serve as an introduction to Mapleton City's basic financial statements. Mapleton City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of Mapleton City's finances, in a manner similar to a private-sector business.

- *The statement of net assets* presents information on all of Mapleton City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Mapleton City is improving or deteriorating. However, you will also need to consider other nonfinancial factors.
- *The statement of activities* presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Both of the government-wide financial statements distinguish functions of Mapleton City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide financial statements can be found on pages 11-13 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Mapleton City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- **Governmental funds** - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The only major governmental funds (as determined by generally accepted accounting principles) are the General Fund and the Capital Projects Fund.

- **Proprietary funds** - Mapleton City maintains one type of proprietary fund: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Mapleton City uses enterprise funds to account for its Water Utility, Sewer Utility, Solid Waste Collection, and Pressurized Irrigation. As determined by generally accepted accounting principles, the Water and Sewer funds meet the criteria for major fund classification. The remaining funds are presented as nonmajor enterprise funds in the supplementary information section.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Mapleton City, assets exceed liabilities by \$28,302,960.

By far the largest portion of Mapleton City's net assets reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

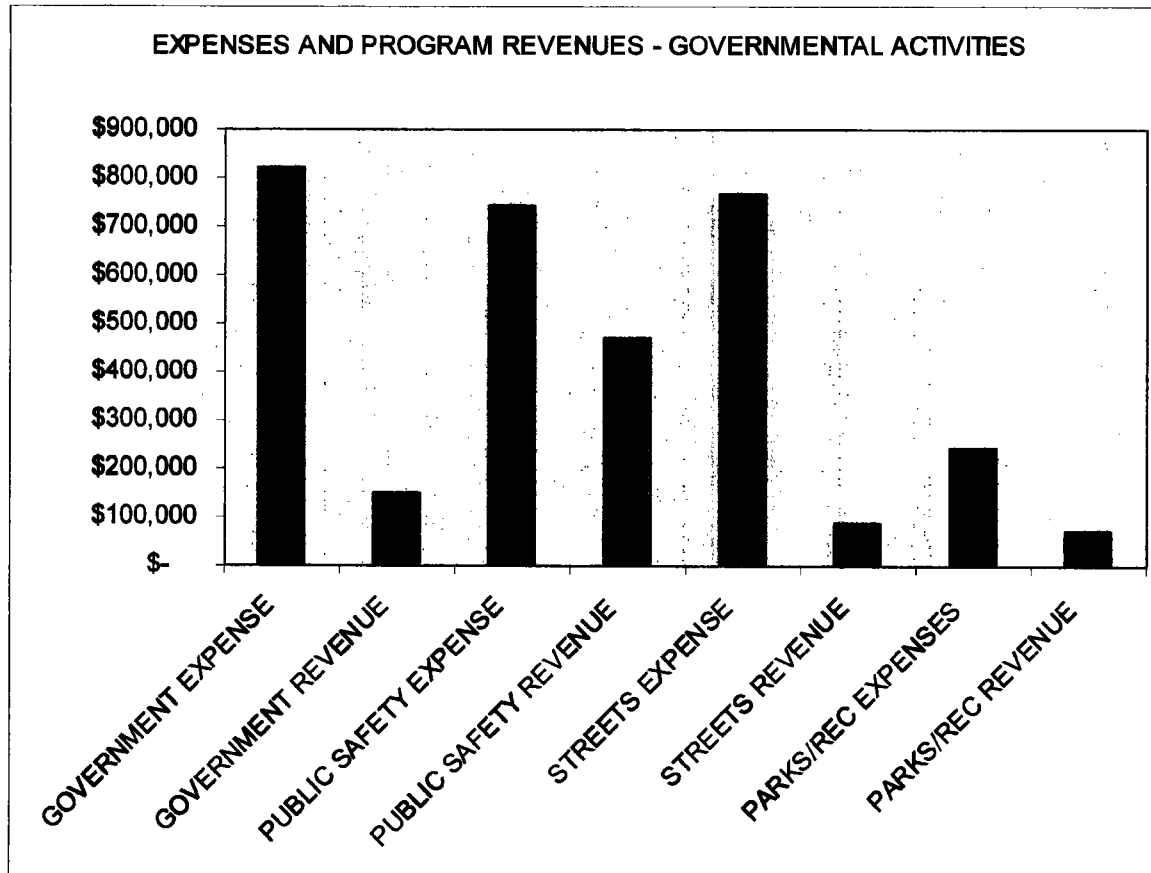
STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Current Assets	\$ 1,898,262	\$ 2,447,876	\$ 1,804,641	\$ 2,660,125
Non-Current Assets	<u>13,171,992</u>	<u>16,235,198</u>	<u>15,234,623</u>	<u>16,727,648</u>
Total Assets	<u>15,070,254</u>	<u>18,683,074</u>	<u>17,039,264</u>	<u>19,387,773</u>
Current Liabilities	347,036	819,193	98,865	100,188
Non-Current Liabilities	<u>69,576</u>	<u>904,924</u>	<u>8,557,717</u>	<u>7,943,582</u>
Total Liabilities	<u>416,612</u>	<u>1,724,117</u>	<u>8,656,582</u>	<u>8,043,770</u>
Net Assets				
Invested in Capital Assets				
Net of Debt	11,785,969	12,436,133	2,958,015	6,294,555
Restricted	<u>1,077,902</u>	<u>2,412,848</u>	<u>3,606,056</u>	<u>2,335,109</u>
Unrestricted	<u>1,789,771</u>	<u>2,109,976</u>	<u>1,818,611</u>	<u>2,714,339</u>
Total Net Assets	<u>\$14,653,642</u>	<u>\$16,958,957</u>	<u>\$8,382,682</u>	<u>\$11,344,033</u>

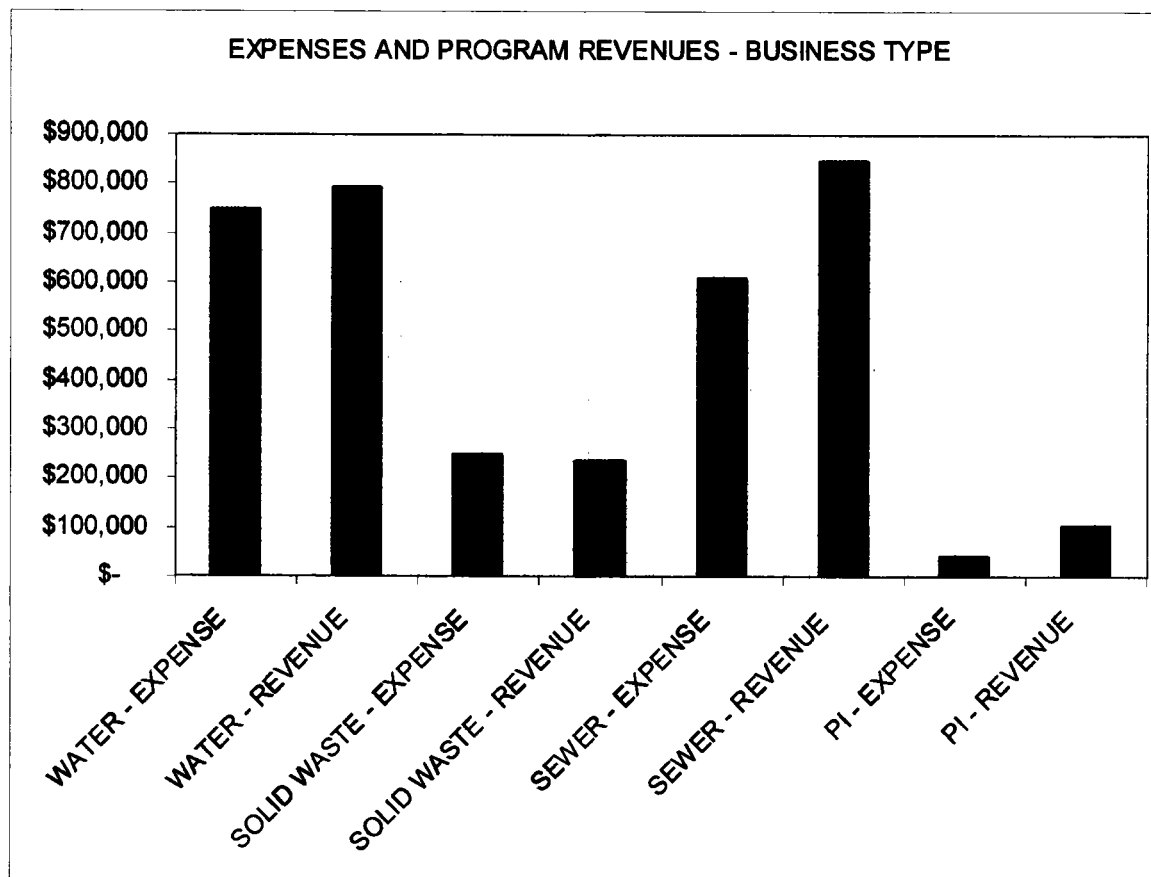
CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Revenues				
Program Revenues:				
Charges for Services	\$ 503,805	\$ 777,979	\$1,899,677	\$ 1,978,037
Operating Grants and Contributions	310,470	4,566	0	0
Capital Grants and Contributions	361,334	2,302,632	424,103	2,564,658
General Revenues:				
Property Taxes	729,142	729,108	0	0
Sales and Use Taxes	496,419	537,401	0	0
Other Taxes	358,380	442,824	0	0
Other Revenues	118,074	107,666	104,118	61,588
Transfers	<u>(388,466)</u>	<u>0</u>	<u>388,466</u>	<u>0</u>
Total Revenues	<u>2,489,158</u>	<u>4,902,176</u>	<u>2,816,364</u>	<u>4,604,283</u>
Expenses				
General Government	680,005	818,976	0	0
Public Safety	837,877	741,694	0	0
Streets	893,609	768,175	0	0
Parks & Recreation	262,910	240,272	0	0
Interest on Long-Term Debt	0	27,744	0	0
Water	0	0	614,444	746,020
Solid Waste	0	0	198,943	248,550
Sewer	0	0	484,898	606,296
Pressurized Irrigation	<u>0</u>	<u>0</u>	<u>15,804</u>	<u>42,096</u>
Total Expenses	<u>2,674,401</u>	<u>2,596,861</u>	<u>1,314,089</u>	<u>1,642,962</u>
Change in Net Assets	(185,243)	2,305,315	1,502,275	2,961,321
Net Assets – Beginning	<u>14,838,885</u>	<u>14,653,642</u>	<u>6,880,407</u>	<u>8,382,682</u>
Net Assets – Ending	<u>\$14,653,642</u>	<u>\$16,958,957</u>	<u>\$8,382,682</u>	<u>\$11,344,003</u>

The following graph displays the government-wide activities for governmental activities reflected in the above tables. Program revenues included in the first graph are fees charged for specific services performed by the various governmental functions. General revenues such as property taxes, sales and uses taxes, etc. are not included.



As can be seen from the following chart, the majority of revenues in the business-type activities are from sewer and water services.



FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. As of June 30, 2005, the City's governmental funds (General and Capital Projects) reported combined fund equity of \$3,848,568. This represents an increase of \$1,640,939 over last year's ending balances. The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

Taxes continue to be the largest source of revenue in the General Fund. As stated earlier, the City maintains several enterprise funds to account for the business-type activities of the City. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide much more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the General Fund original budget was amended from an original budget expenditure total of \$2,466,327 to a final budget of \$2,360,610.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - Mapleton City's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$27,632,742 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure (streets, sidewalks, curb and gutter, bridges, etc.), and machinery and equipment. The total increase in the City's investment in fixed assets for the current year was \$4,181,245 (a \$1,501,587 for governmental activities and a \$2,679,658 increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- New Community Center Work in Progress, \$578,194
- Public Safety Vehicles, \$16,545
- VIP North Park, \$46,605
- Road and Sidewalk improvements, \$531,579
- Eagle Rock Park in Progress, \$9,048
- Purchase % of Spanish Fork City's Sewer System, \$1,536,426

MAPLETON CITY'S CAPITAL ASSETS

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Land	\$ 1,909,217	\$ 1,909,217	\$ 124,381	\$ 124,381
Water Shares	0	0	31,680	31,680
Buildings	408,815	408,815	4,553	4,553
System Improvements	11,087,626	12,636,038	15,338,738	18,473,183
Machinery & Equipment	831,698	848,243	728,400	756,329
Construction in Progress	0	578,193	0	68,820
Less Accumulated				
Depreciation	<u>(2,410,066)</u>	<u>(3,051,629)</u>	<u>(4,603,545)</u>	<u>(5,155,081)</u>
Net Capital Assets	<u>\$11,827,290</u>	<u>\$13,328,877</u>	<u>\$11,624,207</u>	<u>\$14,303,865</u>

Long-term debt - At June 30, 2005, the City had total debt outstanding of \$7,943,582. Of this amount, \$128,504 is considered to be general obligation debt and is backed by the full faith and credit of the City. These general obligation bonds were issued specifically for water development projects and this enterprise fund will provide all funding for the bonds' repayment. \$7,220,080 is debt secured solely by specific revenue sources. The remainder is notes payable of \$1,451,338 and compensated absences of \$48,584.

MAPLETON CITY'S OUTSTANDING DEBT

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
General Obligation Bonds				
1988 Water	\$ 0	\$ 0	\$ 149,000	\$ 128,504
Refunding Bonds				
1997 Sewer	0	0	2,143,000	1,972,000
Revenue Bonds				
1995 Sewer	0	0	4,547,080	4,193,080
2004 Sewer	0	0	1,100,000	1,055,000
Notes Payable				
1999 Ira Allen Land Purchase	41,320	0	0	0
1982 GMAC Water	0	0	611,440	586,338
2005 Community Center Loan	0	865,000	0	0
Compensated Absences	<u>28,255</u>	<u>39,924</u>	<u>7,197</u>	<u>8,660</u>
Total	<u>\$ 69,575</u>	<u>\$ 904,924</u>	<u>\$8,557,717</u>	<u>\$7,943,582</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is \$10,836,306 which is significantly in excess of the City's outstanding general obligation debt. In addition, State statute allows for an additional 4% to be used for water or sewer projects thus resulting in a debt limit of 8% of total taxable value. The current limitation for these water and sewer projects is thus \$21,672,612 which again significantly exceeds the outstanding business-type activity debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

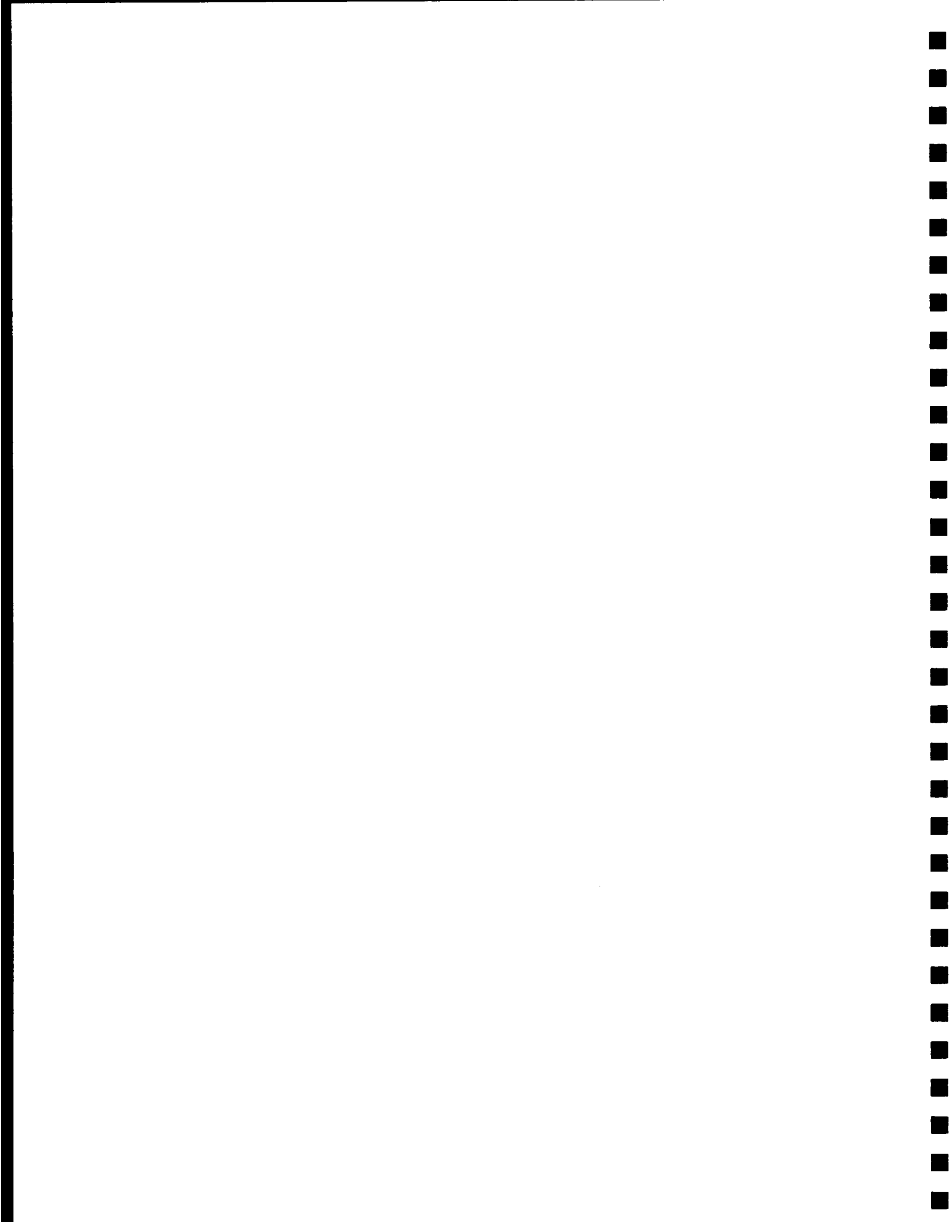
- The General Fund budget for the fiscal year-ending June 30, 2006 reflects a decrease of 1% over the final budget for the fiscal year-ended June 30, 2005.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Mapleton City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Finance Controller, Mapleton City, 35 East Maple Street, Mapleton, UT 84664.

BASIC FINANCIAL STATEMENTS



MAPLETON CITY
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities	Business-type Activities	Totals
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 1,604,434	\$ 2,466,969	\$ 4,071,403
Accounts Receivable	837,867	188,510	1,026,377
Prepaid Expenses	-	4,646	4,646
Fuel Inventory	5,575	-	5,575
TOTAL CURRENT ASSETS	2,447,876	2,660,125	5,108,001
NONCURRENT ASSETS			
Restricted Assets			
Cash and Cash Equivalents	2,906,321	2,153,491	5,059,812
Capital Assets			
Non Depreciable	2,487,410	224,881	2,712,291
Depreciable Assets (net of Depreciation)	10,841,467	14,078,984	24,920,451
Investment in Joint Venture	-	270,292	270,292
TOTAL NONCURRENT ASSETS	16,235,198	16,727,648	32,962,846
TOTAL ASSETS	18,683,074	19,387,773	38,070,847
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	446,508	100,188	546,696
Deferred Income	30,179	-	30,179
Developer Completion Bonds Payable	342,506	-	342,506
TOTAL CURRENT LIABILITIES	819,193	100,188	919,381
NONCURRENT LIABILITIES			
Due Within One Year	87,074	630,363	717,437
Due in more than One Year	817,850	7,313,219	8,131,069
TOTAL NONCURRENT LIABILITIES	904,924	7,943,582	8,848,506
TOTAL LIABILITIES	1,724,117	8,043,770	9,767,887
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	12,436,133	6,294,555	18,730,688
Restricted for			
Capital Projects	2,366,904	655,729	3,022,633
Debt Service	45,944	1,679,380	1,725,324
Unrestricted	2,109,976	2,714,339	4,824,315
TOTAL NET ASSETS	\$ 16,958,957	\$ 11,344,003	\$ 28,302,960

See the accompanying notes to the financial statements

MAPLETON CITY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2005

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<u>FUNCTIONS/PROGRAMS</u>				
Governmental Activities				
General Government	\$ 818,976	\$ 149,569	\$ -	\$ -
Public Safety	741,694	470,130	4,166	274,112
Streets	768,175	89,489	-	1,421,779
Parks and Recreation	240,272	68,791	400	606,741
Interest on Long-Term Debt	27,744	-	-	-
Total Governmental Activities	2,596,861	777,979	4,566	2,302,632
Business-type Activities				
Water	746,020	791,902	-	717,983
Solid Waste	248,550	234,919	-	149,582
Sewer	606,296	847,502	-	1,304,095
Pressurized Irrigation	42,096	103,714	-	392,998
Total Business-type Activities	1,642,962	1,978,037	-	2,564,658
TOTAL PRIMARY GOVERNMENT	\$ 4,239,823	\$ 2,756,016	\$ 4,566	\$ 4,867,290

General Revenues

Property Taxes

Vehicle Taxes

Sales Taxes

Franchise Taxes

Unrestricted Investment Earnings

Miscellaneous

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

See the accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets**Primary Government**

Governmental Activities	Business-type Activities	Total
\$ (669,407)	\$ -	\$ (669,407)
6,714	-	6,714
743,093	-	743,093
435,660	-	435,660
(27,744)	-	(27,744)
<u>488,316</u>	<u>-</u>	<u>488,316</u>
-	763,865	763,865
-	135,951	135,951
-	1,545,301	1,545,301
-	454,616	454,616
<u>-</u>	<u>2,899,733</u>	<u>2,899,733</u>
<u>488,316</u>	<u>2,899,733</u>	<u>3,388,049</u>
729,108	-	729,108
98,249	-	98,249
537,401	-	537,401
344,575	-	344,575
97,833	44,088	141,921
9,833	17,500	27,333
<u>1,816,999</u>	<u>61,588</u>	<u>1,878,587</u>
2,305,315	2,961,321	5,266,636
<u>14,653,642</u>	<u>8,382,682</u>	<u>23,036,324</u>
<u>\$ 16,958,957</u>	<u>\$ 11,344,003</u>	<u>\$ 28,302,960</u>

MAPLETON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	<u>Governmental-type Activities</u>		<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 432,029	\$ 1,172,405	\$ 1,604,434
Property Taxes Receivable	699,309	-	699,309
Special Assessments Receivable	30,180	-	30,180
Other Receivables	108,378	-	108,378
Restricted Cash	904,362	2,001,959	2,906,321
Fuel Inventory	5,575	-	5,575
TOTAL ASSETS	\$ 2,179,833	\$ 3,174,364	\$ 5,354,197
<u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 360,693	\$ 58,071	\$ 418,764
Compensated Absences	31,045	-	31,045
Deferred Revenue	713,314	-	713,314
Developer Completion Bonds Payable	342,506	-	342,506
TOTAL LIABILITIES	1,447,558	58,071	1,505,629
<u>FUND BALANCE</u>			
Reserved			
Impact Fees	-	908,669	908,669
Class C Roads	503,582	-	503,582
Street Lighting	80,280	-	80,280
Unreserved	148,413	2,207,624	2,356,037
TOTAL FUND EQUITY	732,275	3,116,293	3,848,568
TOTAL LIABILITIES AND FUND EQUITY	\$ 2,179,833	\$ 3,174,364	\$ 5,354,197

See the accompanying notes to the financial statements

MAPLETON CITY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2005

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 3,848,568
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*Amounts reported for governmental activities in the statement of
net assets are different because*

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds	13,328,877
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	683,135
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(901,623)</u>
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TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 16,958,957</u>
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MAPLETON CITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Governmental-type Activities</u>		Total
	<u>General</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>
<u>REVENUES</u>			
Taxes	\$ 1,692,183	\$ -	\$ 1,692,183
Licenses and Permits	418,572	-	418,572
Intergovernmental	309,491	-	309,491
Charges for Services	336,761	-	336,761
Fines and Forfeitures	94,592	-	94,592
Interest	84,616	13,217	97,833
Miscellaneous	9,832	-	9,832
	<u>2,946,047</u>	<u>13,217</u>	<u>2,959,264</u>
TOTAL REVENUES			
	<u>2,946,047</u>	<u>13,217</u>	<u>2,959,264</u>
<u>EXPENDITURES</u>			
General Government	800,496		800,496
Public Safety	720,884	-	720,884
Streets	477,646	-	477,646
Parks and Recreation	217,608	53,023	270,631
Capital Outlay	-	633,847	633,847
	<u>2,216,634</u>	<u>686,870</u>	<u>2,903,504</u>
TOTAL EXPENDITURES			
	<u>2,216,634</u>	<u>686,870</u>	<u>2,903,504</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>729,413</u>	<u>(673,653)</u>	<u>55,760</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from Debt Issued	-	865,000	865,000
Impact Fees	-	720,179	720,179
Transfers from Other Fund	-	1,365,341	1,365,341
Transfers to Other Fund	<u>(1,365,341)</u>	<u>-</u>	<u>(1,365,341)</u>
NET OTHER FINANCING SOURCES (USES)	<u>(1,365,341)</u>	<u>2,950,520</u>	<u>1,585,179</u>
NET CHANGE IN FUND BALANCE	<u>(635,928)</u>	<u>2,276,867</u>	<u>1,640,939</u>
BEGINNING FUND BALANCE	<u>1,368,203</u>	<u>839,426</u>	<u>2,207,629</u>
ENDING FUND BALANCE	<u>\$ 732,275</u>	<u>\$ 3,116,293</u>	<u>\$ 3,848,568</u>

See the accompanying notes to the financial statements

MAPLETON CITY

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2005

EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES - TOTAL GOVERNMENTAL FUNDS	\$ 1,640,939
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*Amounts reported for governmental activities in the statement of activities
are different because*

Property taxes will not be collected for several months after the City's fiscal year end. They are not considered to be available revenues in the governmental funds. Deferred property tax revenues increased by this amount this year.	17,150
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Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,501,587
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Issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net difference in the treatment of long-term debt and related items.	(823,679)
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Some revenues and expenses reported in the statement of activities do not add to or required the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.	<u>(30,682)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL FUNDS	<u>\$ 2,305,315</u>
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See the accompanying notes to the financial statements

MAPLETON CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget</u>
<u>REVENUES</u>				
Taxes	\$ 1,545,000	\$ 1,542,349	\$ 1,692,183	\$ 149,834
Licenses and Permits	474,600	352,900	418,572	65,672
Intergovernmental	289,872	322,274	309,491	(12,783)
Charges for Services	159,486	141,164	336,761	195,597
Fines and Forfeitures	120,000	90,000	94,592	4,592
Interest	45,000	30,000	84,616	54,616
Miscellaneous	1,000	4,634	9,832	5,198
 TOTAL REVENUES	 <u>2,634,958</u>	 <u>2,483,321</u>	 <u>2,946,047</u>	 <u>462,726</u>
<u>EXPENDITURES</u>				
General Government	907,215	852,567	800,496	52,071
Public Safety	759,147	755,334	720,884	34,450
Streets	527,919	517,540	477,646	39,894
Parks and Recreation	272,046	235,169	217,608	17,561
 TOTAL EXPENDITURES	 <u>2,466,327</u>	 <u>2,360,610</u>	 <u>2,216,634</u>	 <u>143,976</u>
 EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES				
	168,631	122,711	729,413	606,702
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to Other Funds	-	(1,600,000)	(1,365,341)	234,659
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES				
	168,631	(1,477,289)	(635,928)	841,361
 FUND BALANCE ALLOCATION	 <u>(168,631)</u>	 <u>1,477,289</u>	 <u>-</u>	 <u>(1,477,289)</u>
 EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS				
	\$ -	\$ -	\$ (635,928)	\$ (635,928)

See the accompanying notes to the financial statements

MAPLETON CITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,835,245	\$ 228,319	\$ 403,405	2,466,969
Accounts Receivable, Net of Allowance for Uncollectibles	81,096	76,456	30,958	188,510
Prepaid Expenses	4,646	-	-	4,646
TOTAL CURRENT ASSETS	1,920,987	304,775	434,363	2,660,125
NONCURRENT ASSETS				
Restricted Assets				
Cash and Cash Equivalents	346,876	1,806,615	-	2,153,491
Capital Assets				
Land	124,381	-	-	124,381
Water Shares	31,680	-	-	31,680
Construction in Progress	39,660	29,160	-	68,820
Buildings and Structures	4,553	-	-	4,553
Improvements	5,456,086	12,460,618	556,479	18,473,183
Machinery, Equipment and Vehicles	644,131	112,198	-	756,329
Less Accumulated Depreciation	(2,818,565)	(2,293,102)	(43,414)	(5,155,081)
Investment in Joint Venture	-	-	270,292	270,292
TOTAL NONCURRENT ASSETS	3,828,802	12,115,489	783,357	16,727,648
TOTAL ASSETS	5,749,789	12,420,264	1,217,720	19,387,773
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	19,768	6,032	-	25,800
Accrued Interest Payable	65,596	8,792	-	74,388
Compensated Absences	5,302	2,788	570	8,660
Current Portion of Long-Term Debt	50,703	571,000	-	621,703
TOTAL CURRENT LIABILITIES	141,369	588,612	570	730,551
NONCURRENT LIABILITIES				
Notes Payable	559,981	-	-	559,981
Bonds Payable	104,158	6,649,080	-	6,753,238
TOTAL NONCURRENT LIABILITIES	664,139	6,649,080	-	7,313,219
TOTAL LIABILITIES	805,508	7,237,692	570	8,043,770
NET ASSETS				
Investment in Capital Assets, Net of Related Debt	2,701,488	3,080,002	513,065	6,294,555
Restricted				
Bond Requirements	346,876	1,332,504	-	1,679,380
Water Shares	79,475	-	-	79,475
Impact Fees	102,144	474,110	-	576,254
Unrestricted	1,714,298	295,956	704,085	2,714,339
TOTAL NET ASSETS	\$ 4,944,281	\$ 5,182,572	\$ 1,217,150	\$ 11,344,003

See the accompanying notes to the financial statements

MAPLETON CITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2005

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds
OPERATING REVENUES				
Charges for Services	\$ 718,392	\$ 829,023	\$ 327,332	\$ 1,874,747
Connection Fees	42,234	18,228	11,301	71,763
Miscellaneous	31,276	251	-	31,527
TOTAL OPERATING REVENUES	791,902	847,502	338,633	1,978,037
OPERATING EXPENSES				
Salaries and Benefits	159,029	113,641	32,212	304,882
Operation and Maintenance	341,530	130,960	244,079	716,569
Depreciation	196,011	341,170	14,355	551,536
TOTAL OPERATING EXPENSES	696,570	585,771	290,646	1,572,987
OPERATING INCOME	95,332	261,731	47,987	405,050
NON-OPERATING REVENUES (EXPENSES)				
Increase in Joint Venture Equity	-	-	149,582	149,582
Impact Fees	260,865	624,246	-	885,111
Interest Income	13,458	30,630	-	44,088
Water Shares Revenue	17,500	-	-	17,500
Interest Expense	(49,450)	(20,525)	-	(69,975)
TOTAL NON-OPERATING REVENUES (EXPENSES)	242,373	634,351	149,582	1,026,306
INCOME BEFORE CONTRIBUTIONS	337,705	896,082	197,569	1,431,356
Developer Contributions	457,118	679,849	392,998	1,529,965
CHANGE IN NET ASSETS	794,823	1,575,931	590,567	2,961,321
TOTAL NET ASSETS AT BEGINNING OF YEAR	4,149,458	3,606,641	626,583	8,382,682
TOTAL NET ASSETS AT END OF YEAR	\$ 4,944,281	\$ 5,182,572	\$ 1,217,150	\$ 11,344,003

See the accompanying notes to the financial statements

MAPLETON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from Customers	\$ 823,519	\$ 846,354	\$ 334,303	\$ 2,004,176
Payments to Suppliers	(336,354)	(125,158)	(244,130)	(705,642)
Payments to Employees	(158,599)	(112,633)	(32,187)	(303,419)
NET CASH FLOWS FROM OPERATING ACTIVITIES	328,566	608,563	57,986	995,115
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Due from Other Fund	175,382	-	-	175,382
Due to Other Fund	-	(175,382)	-	(175,382)
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	175,382	(175,382)	-	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Impact Fees	260,865	624,246	-	885,111
Water Shares Revenue	17,500	-	-	17,500
Acquisition of Capital Assets	(135,643)	(1,565,586)	-	(1,701,229)
Bond Payments	(25,102)	(570,000)	-	(595,102)
Note Payments	(20,496)	-	-	(20,496)
Interest Expense	(58,679)	(20,900)	-	(79,579)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	38,445	(1,532,240)	-	(1,493,795)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest Income	13,458	30,630	-	44,088
NET CASH FLOWS FROM INVESTING ACTIVITIES	13,458	30,630	-	44,088
NET CHANGE IN CASH AND CASH EQUIVALENTS	555,851	(1,068,429)	57,986	(454,592)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,626,270	3,103,363	345,419	5,075,052
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,182,121	\$ 2,034,934	\$ 403,405	\$ 4,620,460

See the accompanying notes to the financial statements

MAPLETON CITY
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Pressurized Irrigation</u>	<u>Total Enterprise Funds</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Operating Income	\$ 95,332	\$ 261,731	\$ 47,987	\$ 405,050
Adjustments				
Depreciation	196,011	341,170	14,355	551,536
Changes in Assets and Liabilities				
Accounts Receivable, Net	31,617	(1,148)	(4,330)	26,139
Accounts Payable	5,176	5,802	(51)	10,927
Compensated Absences	430	1,008	25	1,463
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 328,566</u>	<u>\$ 608,563</u>	<u>\$ 57,986</u>	<u>\$ 995,115</u>
 Noncash Financing and Investing Transactions				
Increase in Joint Venture Equity	\$ -	\$ -	\$ 149,582	\$ 149,582
Developer Contributions of Fixed Assets	\$ 457,118	\$ 679,849	\$ 392,998	\$ 1,529,965

See the accompanying notes to the financial statements

MAPLETON CITY, UTAH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Mapleton City, Utah (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of the City's accounting policies.

Financial Reporting Entity

Mapleton City was incorporated in 1855 under the laws of the State of Utah. The City is a municipal corporation governed by an elected five-member Council and Mayor. The City provides municipal services under the following organizational structure:

Mayor, City Council and City Administrator

Financial Services: Finance Director, Treasurer, Recorder and Clerks

Development Services: Planning and Zoning, and Code Enforcement

Public Safety: Police, Fire, Ambulance, EMS, and Animal Control

Public Works: Streets, Parks, Water, Sewer, Pressurized Irrigation,
Buildings and Grounds

Literacy Center: Director and Assistant

The joint venture with South Utah Valley Solid Waste District is included in the City's reporting entity because of the significance of their operational and financial relationship with the City. Complete financial statements of the joint venture, which issued separate financial statements, can be obtained from their administrative offices.

Government-wide and Fund Financial Statements

The government-wide financial statements (statement of net assets and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers who directly benefit from goods or services provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues.

NOTE 1 - (CONTINUED)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Financial resources used to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than as an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (within sixty days) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The *capital projects* fund is used to account for the acquisition or construction of major capital facilities of the City (other than those financed by proprietary funds).

The City reports the following major proprietary funds:

The *water fund* accounts for the activities of the City's water production, treatment and distribution operations.

The *sewer fund* accounts for the activities of the City's sewer treatment operations.

NOTE 1 - (CONTINUED)

Activities of these two funds include administration, operations and maintenance of the water and sewer as well as billing and collection. The funds also account for the accumulation of resources for, and the payment of, long-term debt principal and interest for all water and sewer fund debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure the integrity of the funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the general fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Fund Equity

A. Cash and cash equivalents

Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund (Fund) and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The Fund operates in accordance with state laws and regulations. The reported value of the City's cash in the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less, when purchased, meet this definition.

B. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances".

NOTE 1 - (CONTINUED)

C. Inventories and prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. These costs are recorded as an expenditure when used. Inventories are recorded at the lower cost or market on a weighted average basis, which approximates the first-in, first out method.

D. Restricted assets

Cash which is restricted to a particular use due to statutory, budgetary or bonding requirements is classified as "restricted cash" on the statement of net assets and on the balance sheets. Restricted cash would be spent first and then unrestricted resources would be used when the restricted funds are depleted.

E. Capital assets

Capital assets, which include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at fair market value at the date of the gift, if donated.

Major additions are capitalized, while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense.

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

<u>Classification</u>	<u>Range of Lives</u>
Buildings and structures	20-40 years
Improvements and infrastructure	10-40 years
Machinery, equipment and vehicles	5-20 years

F. Compensated absences

Employees may carry over no more vacation time than they can accumulate in an 18 month period. Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a monthly basis and is fully vested when earned. At retirement, death, or termination, all unpaid accrued vacation is paid to the beneficiary. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as the vacation is paid or at termination. Accumulated sick leave is earned monthly. Sick pay amounts are charged to expenditures when incurred. No sick leave is paid at retirement or termination.

NOTE 1 - (CONTINUED)

G. Long-term liabilities

In the government-wide financial statements, and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are recorded net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the life of the related debt. In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

H. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Designations of unreserved fund balances are not required by law or accounting principles, but are further classifications of fund equity to identify funds which are earmarked by the City's management for specific purposes. These represent tentative management plans that are subject to change.

I. Net assets

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Inter-Fund Transactions

During the course of normal operations, the City has transactions between funds to subsidize operations in certain funds, to allocate administrative costs, to construct assets, to distribute grant proceeds, etc.. These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

Deferred Revenue

Property taxes due November 30, 2005 and unpaid from 2004 as well as special improvement district assessments are shown as deferred revenue.

NOTE 1 - (CONTINUED)

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital Asset Differences

When capital assets (land, buildings, improvements and equipment) are purchased or constructed for use in governmental fund activities, the costs of those assets are reported as expenditures in the governmental funds. However, those costs are reported as capital assets in the statement of net assets. The details of these differences are presented below:

Land	\$ 1,909,217
Construction in Progress	578,193
Buildings	408,815
Improvements and Infrastructure	12,636,038
Machinery, Equipment and Vehicles	848,243
Less Accumulated Depreciation	<u>(3,051,629)</u>
Net Capital Asset Difference	<u>\$ 13,328,877</u>

Other Long-Term Asset Differences

Property taxes due in November 2005 are reported as deferred revenues in the governmental fund balance sheet. However, they are reported as current year revenues in the statement of net assets. The details of these differences are presented below:

Property taxes collectible in November 2005	<u>\$ 683,135</u>
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NOTE 2 - (CONTINUED)

Long-Term Liability Differences

Long-Term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet. All liabilities (both current and long-term) are reported in the statement of net assets. The details of these differences are presented below:

Notes Payable	\$ (865,000)
Accrued Interest	(27,744)
Long-Term Compensated Absences	<u>(8,879)</u>
Total Long-Term Liability Difference	\$ <u>(901,623)</u>

Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund financial statements include a reconciliation between changes in fund balances in the governmental funds and changes in net assets in the government-wide statement of activities. This difference primarily results from the long-term economic focus of the statement of activities versus the current financial resource focus of the governmental fund financial statements.

Capital Outlay and Depreciation Differences

Capital outlays are reported as expenditures in the statement of revenues, expenditures and changes in fund balances. They are reported as capital assets, with the costs allocated over the useful lives of the assets, as depreciation, in the statement of activities. The details of these differences are reported below:

Developer Contributions	\$ 1,205,582
Capital Outlay	937,568
Depreciation Expense	<u>(641,563)</u>
Net Difference	\$ <u>1,501,587</u>

Long-Term Debt Issuance and Repayment Differences

When long-term debt is issued it is reported as an other financing source. Repayments are reported as expenditures in the statement of revenues, expenditures and changes in fund balance. Issuance of debt is reported as a long-term liability and repayments are reported as reductions of those liabilities in the statement of activities. The details of these differences are reported below:

Issuance of Notes Payable	\$ (865,000)
Note Repayments	<u>41,321</u>
Net Difference	\$ <u>(823,679)</u>

NOTE 2 - (CONTINUED)

Other Revenue and Expense Differences

The changes in long-term compensated absences and in accrued interest payable are not reported in the statement of revenues, expenditures and changes in fund balance. Both changes are reported in the statement of activities. The details of these differences are reported below:

Change in Accrued Interest	\$ (27,744)
Change in Long-Term Compensated Absences	<u>(2,938)</u>
Net Difference	<u>\$ (30,682)</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Prior to the first regularly scheduled meeting of the City Council in May, the Mayor the City Administrator, and the Finance Director submit to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and proposed sources of revenues.

Between May 1 and June 22, the City Council reviews and adjusts the proposed budget. On or before June 22, a public hearing is held and the budget is legally adopted through passage of a resolution, unless a property tax increase is proposed. If a property tax increase is proposed, a hearing must be held on or before August 17, which does not conflict with other taxing entities that have proposed a property tax increase. At this time the final balanced budget is adopted.

Under Utah State law, the City's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, including revisions, except as allowed by the code for certain events.

The Mayor, in conjunction with the appropriate department head, has the authority to transfer budget appropriations within and between any divisions of any budgetary fund. The City Council has the authority to transfer budget appropriations between individual budgetary funds by resolution.

A public hearing must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.

Annual budgets for the general fund, all debt service funds and capital projects funds were legally adopted by the City and are prepared on the modified-accrual method of accounting.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of comparisons of actual results to budgets for the general fund and any major special revenue funds.

NOTE 3 - (CONTINUED)

Tax Revenues

Property taxes are collected by the County Treasurer and remitted to the City in two to three installments in November, December, and a final settlement in the first quarter of the calendar year. Taxes are levied and are due and payable on November 1st and are delinquent after November 30th of each year, at which time they become liens if not paid. An accrual of uncollected current and prior year's property taxes beyond that which was received within 60 days after the fiscal year end has not been made, as the amounts are not deemed to be material.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City. The fees are remitted on a monthly, quarterly, or annual basis. An accrual has been made for all fees due and payable to the City at June 30th.

NOTE 4 - DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents" which also includes cash accounts that are separately held by several of the City's funds. Deposits are not collateralized nor are they required to be by State statute.

The City follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of City funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

Custodial Credit Risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2005, \$902,796 of the City's bank balances of \$1,002,796 were uninsured and uncollateralized.

At June 30, 2005, the carrying amount and the bank balance of the City's bank deposits was \$796,818 and \$1,002,796, respectively.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the City and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

NOTE 4 - (CONTINUED)

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers acceptances; obligations of the United State Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund (PTIF).

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses - net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Certain assets are restricted by provisions of the revenue bond resolutions. The resolutions also describe how these restricted assets may be deposited and invested. Restricted cash may only be deposited in state or national banks meeting certain minimum net worth requirements or invested in securities representing direct obligations of or obligations guaranteed by the U.S. government, agencies of the U.S. government, any state within the territorial United States of America; or repurchase agreements or interest bearing time deposits with state or national banks meeting certain minimum net worth requirements; or certain other investments.

As of June 30, 2005, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
State of Utah Public Treasurer's Investment Fund	\$ 6,654,817	\$ 6,522,748	\$ -	\$ 45,943	\$ 86,126
U.S. Treasuries	<u>1,679,380</u>	<u>136,778</u>	<u>218,454</u>	<u>-</u>	<u>1,324,148</u>
Total Investments	<u>\$ 8,334,197</u>	<u>\$ 6,659,526</u>	<u>\$ 218,454</u>	<u>\$ 45,943</u>	<u>\$ 1,410,274</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. As of June 30, 2005, the City had \$1,542,602 in U.S. Treasury accounts which were held by the counterparty's trust departments or agents but not in the government's name.

NOTE 4 - (CONTINUED)

The deposits and investments described above are included on the statement of net assets as per the following reconciliation:

Deposits	\$ 796,818
Investments	8,334,197
Cash on Hand	<u>200</u>
Total	<u>\$ 9,131,215</u>
Cash and Cash Equivalents	\$ 4,071,403
Restricted Cash and Cash Equivalents	<u>5,059,812</u>
Total	<u>\$ 9,131,215</u>

NOTE 5 - RECEIVABLES

Accounts receivable and the associated allowances for uncollectible accounts at June 30, 2005 are presented in the schedule below.

Property taxes are levied on January 1 of 2005, are due in November of 2005, and are budgeted for the 2005 fiscal year. Even though they are not intended to fund the 2005 fiscal year, they must be recognized as an asset because the City has an enforceable claim to the revenue. The property taxes that have been remitted to the City within 60 days of the end of the current fiscal period have been recognized as revenue. The uncollected, measurable amounts have been accrued as deferred revenue.

Franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable within the current period is considered susceptible to accrual as revenue of the current period. All other items are considered to be measurable and available only when cash is received by the City.

The following is a summary of receivables at June 30, 2005:

	Governmental Activities	Business-type Activities	Total
Accounts Receivable	\$ -	\$ 188,510	\$ 188,510
Property Taxes Receivable	699,309	-	699,309
Special Assessments Receivable	30,180	-	30,180
Class C Road Receivable	44,830	-	44,830
Sales Tax Receivable	41,059	-	41,059
Franchise Tax Receivable	<u>22,489</u>	<u>-</u>	<u>22,489</u>
Total	<u>\$ 837,867</u>	<u>\$ 188,510</u>	<u>\$ 1,026,377</u>

NOTE 6 - CAPITAL ASSETS

The following schedule presents the capital activity of the governmental activities for the year ended June 30, 2005:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated				
Land	\$ 1,909,217	\$ -	\$ -	\$ 1,909,217
Construction in Progress	-	578,193	-	578,193
Capital Assets being Depreciated				
Buildings	408,815	-	-	408,815
Improvements and Infrastructure	11,087,626	1,548,412	-	12,636,038
Machinery, Equipment and Vehicles	<u>831,698</u>	<u>16,545</u>	<u>-</u>	<u>848,243</u>
Total	14,237,356	2,143,150	-	16,380,506
Less Accumulated Depreciation	<u>(2,410,066)</u>	<u>(641,563)</u>	<u>-</u>	<u>(3,051,629)</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,827,290</u>	<u>\$ 1,501,587</u>	<u>\$ -</u>	<u>\$ 13,328,877</u>

The following schedule presents the capital activity of the business-type activities for the year ended June 30, 2005:

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated				
Land	\$ 124,381	\$ -	\$ -	\$ 124,381
Water Shares	31,680	-	-	31,680
Construction in Progress	-	68,820	-	68,820
Capital Assets being Depreciated				
Buildings	4,553	-	-	4,553
Improvements and Infrastructure	15,338,738	3,134,445	-	18,473,183
Machinery, Equipment and Vehicles	<u>728,400</u>	<u>27,929</u>	<u>-</u>	<u>756,329</u>
Total	16,227,752	3,231,194	-	19,458,946
Less Accumulated Depreciation	<u>(4,603,545)</u>	<u>(551,536)</u>	<u>-</u>	<u>(5,155,081)</u>
Business-type Activities Capital Assets, Net	<u>\$ 11,624,207</u>	<u>\$ 2,679,658</u>	<u>\$ -</u>	<u>\$ 14,303,865</u>

NOTE 6 - (CONTINUED)

Depreciation was charged to the functions/programs of the primary government as follows:

Government Activities	
General Government	\$ 15,542
Public Safety	37,355
Streets	577,705
Parks and Recreation	<u>10,961</u>
Total Depreciation Expense-Governmental Activities	\$ <u>641,563</u>
Business-type Activities	
Water	\$ 196,011
Sewer	341,170
Pressurized Irrigation	<u>14,355</u>
Total Depreciation Expense-Business-type Activities	\$ <u>551,536</u>

NOTE 7 - INVESTMENT IN JOINT VENTURES

South Utah Valley Solid Waste District

The City is party to a joint venture with five other municipalities in the South Utah Valley Solid Waste District (the District). The District was created for the purpose of building a landfill and transfer station and operating the same for the benefit of member municipalities. The majority of the District's solid waste revenue comes from these governmental entities. Additional information is as follows:

a. Participants and their percentage shares:

Mapleton City	2.00%
Provo City	69.75%
Springville City	15.00%
Spanish Fork City	11.75%
Salem City	1.50%
Goshen Town	<u>0.00%</u>
	<u>100.00%</u>

- b. The District is governed by a board of directors, which is comprised of six members. The mayor and city council of each member city appoints one director. All decisions of the board are by majority vote, except in the case of a tie. In a tie, the votes would be taken by tonnage. For Provo City to prevail in a tie vote, they would need one additional city to vote with them.
- c. The District's Board of directors governs the operations of the District through management employed by the board. The district is subject to the same laws as the creating entities, therefore, it must follow Utah State laws for cities in the areas of fiscal management, budgeting and financing.

NOTE 7 - (CONTINUED)

- d. Summary financial information as of the joint venture's last fiscal year end, June 30, 2004, is as follows:

	<u>South Utah Valley Solid Waste District</u>	<u>Mapleton City's Share</u>
Total Assets	\$ 16,567,081	\$ 331,342
Total Liabilities	<u>(3,052,463)</u>	<u>(61,050)</u>
Net Assets	<u>\$13,514,618</u>	<u>\$ 270,292</u>
Operating Revenues	\$ 3,605,094	\$ 72,102
Operating Expenditures	<u>(3,728,632)</u>	<u>(74,572)</u>
Net Operating Income (Loss)	(123,538)	(2,470)
Total Non-Operating Income	<u>108,419</u>	<u>2,168</u>
Net Income (Loss)	<u>\$ (15,119)</u>	<u>\$ (302)</u>

- e. The Joint Venture has the following long-term debt:

	<u>South Utah Valley Solid Waste District</u>	<u>Mapleton City's Share</u>
Closure and Postclosure Liability	\$ 2,691,748	\$ 53,835
Accrued Compensated Absences	<u>123,560</u>	<u>2,471</u>
Total Long-Term Liabilities	<u>\$ 2,815,308</u>	<u>\$ 56,306</u>

- f. Audited financial statement for the South Utah Valley Solid Waste District are available at the District offices, 2450 West 400 South Springville, Utah.

NOTE 8 - DEFERRED INCOME

Deferred Income consists of \$30,179 of Special Improvement District receivables.

NOTE 9 - DEVELOPER COMPLETION BONDS PAYABLE

The City collects deposits from those wishing to develop land for subdivisions within the City. These amounts are deposited into the City's bank account. The original deposit and any interest earned on the account is returned to the developer after the related project is completed. At June 30, 2005, Mapleton City held deposits from developers, including interest, in the following categories and amounts:

Construction Commitments	\$ 42,212
Construction Bonds	274,976
Subdivision Performance Bonds	<u>25,318</u>
Total Developer Completion Bonds	<u>\$ 342,506</u>

NOTE 10 - LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City at June 30, 2005:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Note Payable					
1999 Ira Allen Land Purchase	\$ 41,320	\$ -	\$ (41,320)	\$ -	\$ -
2005 Community Center Loan	-	865,000	-	865,000	56,029
Compensated Absences	<u>28,255</u>	<u>12,030</u>	<u>(361)</u>	<u>39,924</u>	<u>31,045</u>
	<u>\$ 69,575</u>	<u>\$ 877,030</u>	<u>\$ (41,681)</u>	<u>\$ 904,924</u>	<u>\$ 87,074</u>
<u>Business-type Activities</u>					
General Obligation Bonds					
1988 Water	\$ 149,000	\$ -	\$ (20,496)	\$ 128,504	\$ 24,346
Refunding Bonds					
1997 Sewer	2,143,000	-	(171,000)	1,972,000	171,000
Revenue Bonds					
1995 Sewer	4,547,080	-	(354,000)	4,193,080	354,000
2004 Sewer	1,100,000	-	(45,000)	1,055,000	46,000
Notes Payable					
1982 GMAC Water	611,440	-	(25,102)	586,338	26,357
Compensated Absences	<u>7,197</u>	<u>1,463</u>	<u>-</u>	<u>8,660</u>	<u>8,660</u>
	<u>\$ 8,557,717</u>	<u>\$ 1,463</u>	<u>\$ (615,598)</u>	<u>\$ 7,943,582</u>	<u>\$ 630,363</u>

Long-term debt and obligations payable at June 30, 2005 were as follows:

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Current Portion</u>	<u>Long-term Balance</u>
<u>Governmental Activities</u>				
Notes Payable				
Community Center Loan (original amount-- \$865,000)	6.00%	2021	\$ 56,029	\$ 808,971
Compensated Absences			<u>31,045</u>	<u>8,879</u>
Total Governmental Activities Long-term Debt			<u>\$ 87,074</u>	<u>\$ 817,850</u>

NOTE 10 - (CONTINUED)

<u>Business-type Activities</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Current Portion</u>	<u>Long-term Balance</u>
Bonds Payable				
Water General Obligation Bonds, Series 1988 (original amount--\$149,000)	0.00%	2009	\$ 24,346	\$ 104,158
Sewer Revenue Bonds, Series 1995 (original amount--\$6,330,000)	0.00%	2017	354,000	3,839,080
Sewer Refunding Bonds, Series 1997 (original amount--\$3,070,000)	0.00%	2017	171,000	1,801,000
Sewer Revenue Bonds, Series 2004 (original amount--\$1,100,000)	2.00%	2004	46,000	1,009,000
Notes Payable				
GMAC Water Loan, Dated 1982 (original amount--\$950,000)	5.00%	2021	26,357	559,981
Compensated Absences			8,660	-
Total Business-type Activities Long-term Debt			<u>\$ 630,363</u>	<u>\$ 7,313,219</u>

Principal and interest requirements to retire the City's long-term obligations are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Government-Wide</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 56,029	\$ 51,219	\$ 621,703	\$ 74,674	\$ 677,732	\$ 125,893
2007	76,024	31,224	628,601	67,856	704,625	99,080
2008	79,167	28,081	636,428	60,089	715,595	88,170
2009	82,440	24,809	645,373	51,183	727,813	75,992
2010	85,847	21,401	607,037	41,015	692,884	62,416
2011-2015	485,493	50,748	3,078,875	163,985	3,564,368	214,733
2016-2020	-	-	1,443,310	85,011	1,443,310	85,011
2021-2025	-	-	273,595	13,858	273,595	13,858
	<u>\$ 865,000</u>	<u>\$ 207,482</u>	<u>\$ 7,934,922</u>	<u>\$ 557,671</u>	<u>\$ 8,799,922</u>	<u>\$ 765,153</u>

NOTE 11 - RETIREMENT PLANS

Plan Description

Mapleton City contributes to the Local Governmental Noncontributory Retirement System and Public Safety Retirement System cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

NOTE 11 - (CONTINUED)

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the systems and plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy

Mapleton City is required to contribute a percent of covered salaries to the respective systems, 11.09% to the Noncontributory and 19.08% to the Public Safety Noncontributory. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions to the various systems for the years ending June 30, 2005, 2004, and 2003 respectively were; for the Noncontributory System, \$73,227, \$57,620 and \$50,167; for the Public Safety Noncontributory, \$39,255, \$34,669 and \$26,809 respectively. The contributions were equal to the required contributions for each year.

NOTE 12 - DEFERRED COMPENSATION PLANS

The City sponsors a defined contribution deferred compensation plan administered by the Utah Retirement Systems under the Internal Revenue Code Section 401(k) for City employees covered by the State's contributory and noncontributory retirement plans. The plan, available to certain full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. The City participates at rates between 0% and 3.35% depending on the employees' contributions. The rate of City participation can be changed by the City Council. During the years ended June 30, 2005, 2004, and 2003 contributions totaling \$25,417, \$21,930 and \$20,415 respectively, were made to the plan by employees and \$3,384, \$7,413 and \$8,916, respectively, were made by the City.

NOTE 13 - RISK MANAGEMENT

Mapleton City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other governments in the State of Utah to form the Utah Local Governments Trust (ULGT), a public entity risk pool currently operating as a common risk management and insurance program for Utah State governments. The City pays an annual premium to ULGT for its general insurance coverage.

The City also carries comprehensive general liability insurance coverage through a commercial insurance company. Settled claims from this risk type have not exceeded coverage in any of the past three fiscal years.

NOTE 14 - OPERATING TRANSFER RECONCILIATION

The operating transfers among the funds were as follows:

	<u>In</u>	<u>Out</u>
General Fund	\$ -	\$ 1,365,341
Capital Projects Fund	<u>1,365,341</u>	<u>-</u>
	<u>\$ 1,365,341</u>	<u>\$ 1,365,341</u>

SUPPLEMENTARY INFORMATION

MAPLETON CITY
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2005

	<u>Solid Waste</u>	<u>Pressurized Irrigation</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 167,123	\$ 236,282	403,405
Accounts Receivable, Net of Allowance for Uncollectibles	<u>21,776</u>	<u>9,182</u>	<u>30,958</u>
TOTAL CURRENT ASSETS	<u>188,899</u>	<u>245,464</u>	<u>434,363</u>
NONCURRENT ASSETS			
Capital Assets			
Improvements	-	556,479	556,479
Less Accumulated Depreciation	-	(43,414)	(43,414)
Other Assets			
Investment in Joint Venture	<u>270,292</u>	<u>-</u>	<u>270,292</u>
TOTAL NONCURRENT ASSETS	<u>270,292</u>	<u>513,065</u>	<u>783,357</u>
TOTAL ASSETS	<u>459,191</u>	<u>758,529</u>	<u>1,217,720</u>
LIABILITIES			
CURRENT LIABILITIES			
Compensated Absences	<u>570</u>	<u>-</u>	<u>570</u>
TOTAL CURRENT LIABILITIES	<u>570</u>	<u>-</u>	<u>570</u>
TOTAL LIABILITIES	<u>570</u>	<u>-</u>	<u>570</u>
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	-	513,065	513,065
Unrestricted	<u>458,621</u>	<u>245,464</u>	<u>704,085</u>
TOTAL NET ASSETS	<u>\$ 458,621</u>	<u>\$ 758,529</u>	<u>\$ 1,217,150</u>

MAPLETON CITY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2005

	<u>Solid Waste</u>	<u>Pressurized Irrigation</u>	<u>Total Nonmajor Enterprise Funds</u>
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 234,919	\$ 92,413	\$ 327,332
Connection Fees	-	11,301	11,301
TOTAL OPERATING REVENUES	234,919	103,714	338,633
<u>OPERATING EXPENSES</u>			
Salaries and Benefits	32,212	-	32,212
Operation and Maintenance	216,338	27,741	244,079
Depreciation	-	14,355	14,355
TOTAL OPERATING EXPENSES	248,550	42,096	290,646
OPERATING INCOME (LOSS)	(13,631)	61,618	47,987
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Increase in Joint Venture	149,582	-	149,582
TOTAL NON-OPERATING REVENUES (EXPENSES)	149,582	-	149,582
INCOME BEFORE CONTRIBUTIONS	135,951	61,618	197,569
Developer Contributions	-	392,998	392,998
CHANGE IN NET ASSETS	135,951	454,616	590,567
TOTAL NET ASSETS AT BEGINNING OF YEAR	322,670	303,913	626,583
TOTAL NET ASSETS AT END OF YEAR	\$ 458,621	\$ 758,529	\$ 1,217,150

MAPLETON CITY

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2005

	Solid Waste	Pressurized Irrigation	Total Nonmajor Enterprise Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from Customers	\$ 234,497	\$ 99,806	\$ 334,303
Payments to Suppliers	(216,389)	(27,741)	(244,130)
Payments to Employees	(32,187)	-	(32,187)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(14,079)	72,065	57,986
NET CHANGE IN CASH AND CASH EQUIVALENTS	(14,079)	72,065	57,986
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	181,202	164,217	345,419
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 167,123	\$ 236,282	\$ 403,405
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Operating Income (Loss)	\$ (13,631)	\$ 61,618	\$ 47,987
Adjustments			
Depreciation	-	14,355	14,355
Changes in Assets and Liabilities			
Accounts Receivable, Net	(422)	(3,908)	(4,330)
Accounts Payable	(51)	-	(51)
Compensated Absences	25	-	25
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (14,079)	\$ 72,065	\$ 57,986
Noncash Financing and Investing Transactions			
Increase in Joint Venture Equity	\$ 149,582	\$ -	\$ 149,582
Developer Contributions of Fixed Assets	\$ -	\$ 392,998	\$ 392,998

STATE LEGAL COMPLIANCE REPORT

**GREG OGDEN, CPA
1761 EAST 850 SOUTH
SPRINGVILLE, UT 84663
(801)489-8408**

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

November 16, 2005

**The Honorable Mayor
Members of the City Council
Mapleton City, Utah**

Council Members:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of Mapleton City, Utah, for the year ended June 30, 2005 and have issued my report thereon dated November 16, 2005. As part of my audit, I have audited Mapleton City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. The City received the following major State assistance programs from the State of Utah:

**"C" Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)**

The City also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of the City's financial statements.)

**Law Enforcement Grant
Ambulance Grant**

**Shade Tree Grant
Fire Department Grant**

My audit also included testwork on the City's compliance with the following general compliance requirements identified in the State of Utah Compliance Audit Guide, including:

**Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property
Tax Limitations
Class C Road Funds**

**Special Districts
Other General Issues
Uniform Building Code Standards
Liquor Law Enforcement
Justice Court
Impact Fees
Asset Forfeiture**

The management of Mapleton City is responsible for the City's compliance with all compliance requirements identified above. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

The results of my audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In my opinion, Mapleton City, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.


Greg Ogden,
Certified Public Accountant

GOVERNMENT AUDITING STANDARDS REPORT

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

November 16, 2005

Honorable Mayor
Members of the City Council
Mapleton City, Utah

Council Members:

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of Mapleton City, Utah, as of and for the year ended June 30, 2005, and have issued my report thereon dated November 16, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, Issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Mapleton City, Utah's control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether Mapleton City, Utah's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Audit Committee, the City's management, others within the organization, and the City Council and is not intended to be and should not be used by anyone other than these specified parties.


Greg Ogden
Certified Public Accountant